

**Illinois Department of Revenue  
Regulations**

<b>Title 86 Part 420 Section 420.10 Gallonage Taxes</b>
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**TITLE 86: REVENUE**

**PART 420  
ALCOHOLIC LIQUOR ACT**

**Section 420.10      Gallonage Taxes**

a)      Measure of Tax:

- 1)      A tax is imposed upon the privilege of engaging in business as a manufacturer or as an importing distributor of alcoholic liquor at the rate of 73¢ per gallon for wine containing less than 20% of alcohol by volume other than cider containing less than 7% alcohol by volume; 18.5¢ per gallon on beer; 18.5¢ per gallon for cider containing not less than 0.5% alcohol by volume nor more than 7% alcohol by volume; and \$4.50 per gallon on alcoholic liquor having 20% or more of alcohol by volume, manufactured or imported for sale or use by such manufacturer, or as agent for any other person, or purchased tax-free for sale or use by such manufacturer, or as agent for any other person, or imported for sale or use by such importing distributor, or as agent for any other person, or purchased tax-free for sale or use by such importing distributor, or as agent for any other person.
- 2)      For purposes of this Section, "cider" means any alcoholic beverage obtained by the alcohol fermentation of the juice of apples or pears including, but not limited to, flavored, sparkling, or carbonated cider.

b)      Persons Liable for Tax:

- 1)      Sales of alcoholic liquor by an Illinois licensed foreign importer to an Illinois licensed importing distributor of alcoholic liquor are not taxable even if both licenses are held by the same legal entity.
- 2)      Where one licensed manufacturer or importing distributor sells alcoholic liquor to another licensed manufacturer or importing distributor, such sale may be made tax-free to the extent to which the sale of alcoholic liquor by one Illinois licensed manufacturer or importing distributor to another Illinois licensed manufacturer or importing distributor is authorized by the licensing provisions of the Act. When such sale is made tax-free, the purchasing manufacturer or importing distributor is responsible for paying the proper tax unless such purchaser sells the alcoholic liquor that he has bought tax-free to another licensed manufacturer or importing distributor under circumstances authorized by the licensing provisions of the Act and elects not to pay the tax. This procedure may be continued until a licensed manufacturer or importing distributor sells the alcoholic liquor to someone not

licensed as a manufacturer or importing distributor, in which event, if the tax liability has not been assumed previously, such manufacturer or importing distributor who makes the sale to a purchaser not licensed as a manufacturer or importing distributor must pay the proper tax when filing his return for the month in which he makes such taxable sale unless there is some other basis for claiming tax exemption, such as the fact that the sale is in interstate commerce (see Section 420.30) or that the sale is made to a nonbeverage user (see Sections 420.500 and 420.110(b)).

(Source: Amended at 24 Ill. Reg. 14763, effective September 25, 2000)